



BOARD OF EQUALIZATION

## **CUSTOMER SERVICES AND ADMINISTRATIVE EFFICIENCY COMMITTEE MEETING MINUTES**

HONORABLE MICHELLE STEEL, COMMITTEE CHAIR  
450 N STREET, SACRAMENTO

JUNE 26, 2012, 10:00 A.M.

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### **ACTION ITEMS & STATUS REPORT ITEMS**

#### **Agenda Item No: 1**

**Title:** Collection and Levy Procedures.

**Issue/Topic:**

A report on collection and levy procedures used by the Board of Equalization.

#### **Committee Discussion:**

Committee Chair Michelle Steel opened the Committee Meeting by introducing Agenda Item 1 and asked staff to give a report.

Mr. Jaime Garza, Deputy Director, External Affairs Department, introduced Mr. Jeffrey McGuire, Deputy Director, Sales and Use Tax Department (SUTD). Mr. McGuire in turn introduced Susanne Buehler, Chief, Tax Policy Division.

Mr. McGuire gave an update on the collection program, specifically as it relates to bank levy procedures. Prior to initiating a bank levy, efforts are made to encourage the taxpayer to voluntarily comply. After Mr. McGuire concluded his presentation he asked if there were any questions.

The Members expressed concerns regarding the distribution of Publication 54, *Tax Collection Procedures* and the decision-making process that led to discontinuing the hardcopy. They also discussed that the earlier this publication is presented to taxpayers, the more likely they will be to voluntarily comply.

Staff was asked to provide Board Members with copies of the notices that are sent to delinquent taxpayers.

Chairwoman Steel stated that the BOE needs to work further to resolve the impact on the spouse of a taxpayer who is facing a bank levy. Mr. Gilman, Taxpayers' Rights Advocate, stated that this is an emerging issue as stated in the *Taxpayers Bill of Rights Annual Report* and that his office is

working with SUTD to address it.

Mr. McGuire stated that based upon the comments today, staff will take another look at modifying the information provided in our notices to ensure the most relevant information is provided to taxpayers without overwhelming them. Staff wants to ensure that taxpayers understand our collection process. Board Member George Runner expressed his desire to be involved in the on-going discussion and Board Member Betty Yee directed staff to also include Mr. Gilman in the discussion.

Committee Chair Michelle Steel thanked staff for the report and continued on to Agenda Item 2.

**Committee Action/Recommendation/Direction:** The Committee requested that staff provide to the Members an explanation of the collection notification process, along with copies of all collection notices. Chairwoman Steel stated her desire to be involved in any discussions on the impact of a bank levy to the spouse of a taxpayer.

**Committee Materials:** Memorandum from Jeffrey L. McGuire, *Collection and Levy Procedures with attachments: Tax Collection Procedures (Publication 54), and Compliance Policy and Procedure Manual, Chapter 7.*

## **Agenda Item No: 2**

**Title:** U.S. Customs.

**Issue/Topic:** Overview of the Customs Program and Process Improvements.

### **Committee Discussion:**

Committee Chair Steel introduced Agenda Item 2 and asked staff to commence.

Mr. McGuire gave an overview of the BOE's Customs Program and noted that BOE discontinued pursuing use tax assessments for items hand carried through Customs. The planned process changes to the program are: 1) Contact letters will be sent out sooner to taxpayers, prior to the April 15<sup>th</sup> tax filing deadline and 2) Staff will generally limit the look back period to three years. In addition, he stated that additional education and outreach efforts will be made to taxpayers. Mr. McGuire concluded his oral report and asked if there were any questions.

Members inquired how many letters were sent out each year and how many more would be sent if the threshold was lifted.

Mr. McGuire replied that about 5,000 letters are sent each year and he did not know how many more would be sent if the \$3,500 threshold was lifted but it is something staff will review. He stated that approximately \$14 million is collected each year. He also clarified that SUTD intends to send out notices to taxpayers in the quarter after the BOE receives the Customs data.

Committee Chair Michelle Steel thanked staff and adjourned the Committee.

**Committee Action/Recommendation/Direction:** None

**Committee Materials:** Memorandum from Jeffrey L. McGuire, *Overview of the Customs Program and Process Improvements*.

Approved:

/s/ Michelle Steel  
Michelle Steel, Committee Chair

/s/ Kristine Cazadd  
Kristine Cazadd, Executive Director

At the August 22, 2012 Board Meeting

/s/ Joann Richmond  
Joann Richmond, Chief  
Board Proceedings Division